

Idaho Legislative Audits  
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## Division of Veterans Services

### Management Report on Financial Procedures

Issued: March 16, 2005  
Fiscal Year: 2002, 2003, and 2004



**EXECUTIVE SUMMARY  
LEGISLATIVE AUDITS**

**DIVISION OF VETERANS SERVICES**

**PURPOSE AND SCOPE** – We have completed certain financial audit procedures on the Division of Veterans Services' financial activities that occurred during the fiscal years ended June 30, 2002, 2003, and 2004. These procedures, together with procedures performed at other State agencies, allow us to express our opinion on the statewide general-purpose financial statements prepared by the State Controller's Office. Since a major federal program was present, appropriate procedures and required tests were made in order to issue the federally required *Single Audit*.

**CONCLUSION.** Based on the limited procedures applied, we conclude that the financial operations of the Division meet acceptable standards. Further, the Division substantially complies with laws, regulations, rules, grants, and contracts for which we tested compliance. Although the report contains no findings and recommendations, we made other minor suggestions to improve internal control, ensure compliance, and improve efficiency.

**FINDINGS AND RECOMMENDATIONS** – There were no findings or recommendations in this report.

**PRIOR FINDINGS AND RECOMMENDATIONS** – There was one finding and recommendation in the prior audit report relating to carryover funds of \$1.1 million that were accumulated in violation of appropriation laws. The Division complied with our recommendation and sought legislative approval to utilize the funds for the now completed construction projects managed by the Division of Public Works. **CLOSED.**

**AGENCY RESPONSE** – The Division has reviewed the report and is in general agreement with its contents.

**FINANCIAL SUMMARY** – The procedures completed and described above help us express our opinion on the fairness of presentation of the statewide *Comprehensive Annual Financial Report (CAFR)*. Although no opinion is given on the financial data presented in this report, one is given on all State funds in the *CAFR*, including the financial data presented here.

Nursing care receipts collected by the Division provide a significant amount of revenue for the operation of Idaho veterans homes. The Division receives a General Fund appropriation, in addition to federal funds paid to veteran's homes in the form of per diem for each patient/resident, Medicaid payments made on behalf of eligible patients, and private payments made by patients/residents or their families. The Division operates nursing care/residential facilities in Boise, Lewiston, and Pocatello, and the newly developed Veteran's Cemetery located Boise.

During fiscal year 2004, the Division paid \$11,766,300 for personnel costs, \$9,654,000 for operating costs, \$415,000 for capital outlay, and \$31,100 for trustee and benefits payments for client emergency relief payments and service office training. The program disbursements are accounted for in seven funds as summarized in the following schedules.

### **DIVISION OF VETERANS SERVICES – FINANCIAL SUMMARY\***

Fiscal Year 2002	General Fund 001	Veterans Cemetery Fund 0211	Cooperative Welfare Fund 0220	Federal Fund 0348	Miscellaneous Revenue Fund 0349	Endowment Income Fund 0481	Patient Trust Fund 0489	Total FY 02
Beginning Fund Balance	\$0	\$14,557	\$161	\$112,428	\$29,368	\$210,611	\$265,932	\$633,057
Transfers In		15,450			10,267	778,522		804,239
Appropriations	3,369,774							3,369,774
Receipts		968		6,633,372	6,418,146		1,597,834	14,650,320
Total Funds Available	\$3,369,774	\$30,975	\$161	\$6,745,800	\$6,457,781	\$989,133	\$1,863,766	\$19,457,390
Rotary Fund Advance					10,000			10,000
Trust Payments							1,353,441	1,353,441
Disbursements	3,369,774		161	6,431,703	5,846,470	734,485		16,382,593
Total Funds Disbursed	\$3,369,774	\$0	\$161	\$6,431,703	\$5,856,470	\$734,485	\$1,353,441	\$17,746,034
Ending Cash Balance	\$0	\$30,975	\$0	\$314,097	\$601,311	\$254,648	\$510,325	\$1,711,356

Fiscal Year 2003	General Fund 001	Misc. General Fund 0120	Veterans Cemetery Fund 0211	Federal Fund 0348	Miscellaneous Revenue Fund 0349	Endowment Income Fund 0481	Patient Trust Fund 0489	Total FY 03
Beginning Fund Balance	\$0	\$0	\$30,975	\$314,097	\$601,311	\$254,648	\$510,325	\$1,711,356
Transfers In		30,000	16,630			678,073		724,703
Appropriations	1,259,363							1,259,363
Receipts		1,112	1,560	9,720,127	6,238,457	20,738	3,533,123	19,515,117
Total Funds Available	\$1,259,363	\$31,112	\$49,165	\$10,034,224	\$6,839,768	\$953,459	\$4,043,448	\$23,210,539
Trust Payments							3,369,017	3,369,017
Disbursements	1,259,363	1,028		8,975,190	6,180,852	673,176		17,089,609
Total Funds Disbursed	\$1,259,363	\$1,028	\$0	\$8,975,190	\$6,180,852	\$673,176	\$3,369,017	\$20,458,626
Ending Cash Balance	\$0	\$30,084	\$49,165	\$1,059,034	\$658,916	\$280,283	\$674,431	\$2,751,913

Fiscal Year 2004	General Fund 001	Misc. General Fund 0120	Veterans Cemetery Fund 0211	Federal Fund 0348	Miscellaneous Revenue Fund 0349	Endowment Income Fund 0481	Patient Trust Fund 0489	Total FY 04
Beginning Fund Balance	\$0	\$30,084	\$49,165	\$1,059,034	\$658,916	\$280,283	\$674,431	\$2,751,913
Transfers In			22,488			571,502		593,990
Appropriations	2,084,829							2,084,829
Receipts	73	616	1,915	10,125,960	10,847,441	29,563	3,858,193	24,863,761
Total Funds Available	\$2,084,902	\$30,700	\$73,568	\$11,184,994	\$11,506,357	\$881,348	\$4,532,624	\$30,294,493
Trust Payments							3,507,060	3,507,060
Disbursements	2,084,902			10,361,763	8,848,103	571,700		21,866,468
Total Funds Disbursed	\$2,084,902	\$0	\$0	\$10,361,763	\$8,848,103	\$571,700	\$3,507,060	\$25,373,528
Ending Cash Balance	\$0	\$30,700	\$73,568	\$823,231	\$2,658,254	\$309,648	\$1,025,564	\$4,920,965

\*On July 1, 2000 the Division of Veterans Services became a separate agency and the cash balance of each fund was transferred from the Department of Health and Welfare.

**OTHER ISSUES** – We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Division of Veterans Services and the Idaho Legislature, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the late Richard Jones, division administrator, and the Division's staff.

**QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:**

Ray Ineck, CGFM, Supervisor, Legislative Audits

Don Berg, CGFM, Managing Auditor

Report SA44404

For a copy of the entire audit report , contact Legislative Services Office, Audit Division, State Capitol Building, 700 W. Jefferson Street, P.O. Box 83720, Boise, Idaho 83720-0054, or call 208-334-3540.
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